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N° 112 – February 2009

ECONOMIC TRENDS

Postwar Trends in Economic Well-Being in the United States, 1959–2004

Levy Economics Institute of Bard College – Report - February 2009 – 17 pages

http://www.levy.org/pubs/lmw_feb_09.pdf

“The Levy Institute Measure of Economic Well-Being (LIMEW) is a more comprehensive measure than either gross money income or extended income because it includes estimates of public consumption and household production, as well as the long-run benefits from the ownership of wealth... The authors find that median household well-being grew rather sluggishly over the 1959–2004 period compared to the annual growth rate of per capita GDP. They note the crucial role of net government expenditures, and therefore call for the Obama administration’s fiscal stimulus package to improve the broader economic well-being of the poor and the middle class, while also creating jobs.”

Brian K. Bucks, Arthur B. Kennickell, Traci L. Mach, and Kevin B. Moore

Changes in U.S. Family Finances from 2004 to 2007: Evidence from the Survey of Consumer Finances

Federal Reserve Bulletin - February 12, 2009 – 56 pages

<http://www.federalreserve.gov/pubs/bulletin/2009/pdf/scf09.pdf>

“Data from the 2004 and 2007 SCF show that median income barely changed, while mean income rose substantially, an indication that income gains were much greater for families in the uppermost part of the distribution. Although overall both median and mean net worth increased strongly over this period—17.7 percent and 13.0 percent, respectively—these measures declined for families at the bottom of the wealth distribution.”

Report Card for America’s Infrastructure

American Society of Civil Engineers - January 28, 2009 -

<http://www.asce.org/reportcard/2009/grades.html>

The study is an assessment by professional engineers of the nation’s status in 15 categories of infrastructure. In 2009, all signs point to an infrastructure that is poorly maintained, unable to meet current and future demands, and in some cases, unsafe. A healthy infrastructure is the backbone of a healthy economy. In these challenging times, infrastructure is essential to reviving the nation’s fortunes, and in maintaining our high quality of life, concludes the study.

Thomas I. Palley

After the Bust: The Outlook for Macroeconomics and Macroeconomic Policy

Levy Economics Institute of Bard College – Public Policy Brief - January 2009 – 28 pages

http://www.levy.org/pubs/ppb_97.pdf

“Change” was the buzzword of the Obama campaign, in response to a political agenda precipitated by financial turmoil and a global economic crisis. According to the author, the neoliberal economic policy paradigm underlying that agenda must itself change if there is to be a successful policy response to the crisis. Mainstream economic theory remains unreformed, says Palley, and he warns of a return to failed policies if a deep crisis is averted. Since Post Keynesians accurately predicted that the U.S. economy would implode from within, there is an opportunity for Post Keynesian economics to replace neoliberalism with a more successful approach.

U.S. Metro Economies: The Engines of Economic Recovery

U.S. Conference of Mayors and the Council for the New American City - January 2009 – 19 pages

<http://usmayors.org/77thWinterMeeting/documents/usmer-report-200901.pdf>

The key findings include: unemployment will rise in metro areas in 2009, shrinking GDP, growing unemployment nationwide, regional impacts, metro areas are essential to national economic recovery.

James Kvaal, Ben Furnas

Recession, Poverty, and the Recovery Act - Millions Are at Risk of Falling Out of the Middle Class

Center for American Progress – Report – February 11, 2009 - 8 pages

http://www.americanprogress.org/issues/2009/02/pdf/recession_poverty.pdf

“The American economy is in a recession that is 14 months old, and the downturn appears to be growing deeper and more severe. Approximately 1.8 million Americans lost their jobs in the past three months alone—nearly 20,000 a day. Helping struggling families is not only the right thing to do in hard times; it is also one of the most cost-effective ways to fight the recession.”

ECONOMIC CRISIS : STRATEGIES FOR CHANGE**White House Releases State by State Numbers; American Recovery and Reinvestment Act to Save or Create 3.5 Million Jobs**

The White House – February 17, 2009

http://www.whitehouse.gov/the_press_office/White-House-Releases-State-by-State-Numbers-American-Recovery-and-Reinvestment-Act-to-Save-or-Crete-35-Million-Jobs/

This site offers links to tables and fact sheets outlining the impact of the American Recovery and Reinvestment Act. The estimates are derived from an analysis of the overall employment impact of the American Recovery and Reinvestment Act conducted by Christina Romer, Chair of the Council of Economic Advisers, and Jared Bernstein, Chief Economist for the Vice President, and detailed estimates of the working age population, employment, and industrial composition of each state.

Jason Bordoff, Lael Brainard, Carola McGiffert, Isaac Sorkin

Strengthening American Competitiveness: Regaining Our Competitive Edge - Four Priorities and 20 New Ideas

The Brookings Institution – Paper - February 2009 – 28 pages

http://www.brookings.edu/~media/Files/rc/reports/2009/02_american_competitiveness_brainard/02_american_competitiveness_brainard.pdf

“If we are going to provide opportunities for all Americans going forward, we need to make the right investments today to rebuild American competitiveness by investing in our people, infrastructure, ideas, and green transformation. This paper addresses this central challenge for the United States.” They “lay out the fundamentals of a competitiveness agenda through descriptions of specific policy proposals by leading experts on how to invest more robustly in infrastructure, people, ideas and green transformation.

Trevor Houser, Shashank Mohan, and Robert Heilmayr

A Green Global Recovery?

The Peterson Institute - Policy Brief – February 2009 – 21 pages

<http://www.petersoninstitute.org/publications/pb/pb09-3.pdf>

“The authors consider twelve proposed "green" stimulus programs and examine the economic, environmental, and energy-security costs and benefits of these proposals using the Energy Information Administration's National Energy Modeling System and the Bureau of Economic Analysis's RIMS II multipliers.”

Gerald W. Scully

Will the \$800 Billion-Plus Stimulus Plan Bring Economic Recovery?

National Center for Policy Analysis - Brief Analysis - February 10, 2009 – 2 pages

<http://www.ncpa.org/pub/ba/ba643/>

“Banker greed and Wall Street are blamed, but government policies over the last 25 years are the root cause of the current financial crisis”.

Restoring the Economy: Strategies for Short-term and Long-term Change

U.S. Congress Joint Economic Committee - Hearing - February 26, 2009

“This hearing explored the short-term actions that are being taken to restore the economy to create a functioning credit system, and the long-term actions that must be taken to prevent the recurrence of this kind of financial disaster in the future.”

[Roger C. Altman, Chairman and CEO, Evercore Partners, Inc.](#)

[Joseph Mason, Professor of Economics, Louisiana State University](#)

[Adam Posen, Deputy Director, Peterson Institute for International Economics](#)

[Paul Volcker, Chairman, President's Economic Advisory Board](#)

Derek Scissors and J.D. Foster

Two Lost Decades? Why Japan's Economy Is Still Stumbling and How the U.S. Can Stay Upright

The Heritage Foundation – WebMemo – February 23, 2009 – 5 pages

http://www.heritage.org/Research/AsiaandthePacific/upload/wm_2307.pdf

“A heated and important debate is underway as to how America should respond to its financial crisis and the deepening recession. Another lesson from Japan is that, if the U.S. wants to secure long-term prosperity and the future of American leadership, it must also be concerned about the next two decades. If the U.S. does not fundamentally change its tax, spending, and regulatory policies, this nation risks replaying Japan's two lost decades, with all that entails.”

HOUSING

Meeting Multifamily Housing Finance Needs During and after the Credit Crisis

Harvard University - Joint Center for Housing Studies – Policy Brief - January 2009 – 28 pages

http://www.jchs.harvard.edu/publications/finance/multifamily_housing_finance_needs.pdf

The study contends that the policymakers must recognize the important differences between single-family and multifamily financing and take steps to ensure an adequate supply of capital to the multifamily sector during and after the economic crisis. The paper details the growing importance of rental apartments and points to a looming liquidity crisis that could seriously impair the sector, leading to a critical housing shortage.

Jordan Rappaport

The Affordability of Homeownership to Middle-Income Americans

FRB Kansas City - Economic Review - Fourth Quarter 2008 – 31 pages

<http://www.kansascityfed.org/Publicat/ECONREV/PDF/4q08Rappaport.pdf>

“From 1971 through mid-2007, the nominal national sales price of housing grew almost eightfold. Controlling for inflation, this represented a near doubling in the relative price of housing. The retrenchment in prices that began in 2007 has so far remained small compared to the earlier increase.”

Homeowner Affordability and Stability Plan Fact Sheet

U.S. Department of the Treasury – Fact Sheet - February 19, 2009

<http://www.ustreas.gov/news/index2.html>

The Homeowner Affordability and Stability Plan is part of the President Obama’s broad, comprehensive strategy to get the economy back on track. The plan will help up to 7 to 9 million families restructure or refinance their mortgages to avoid foreclosure. In doing so, the plan not only helps responsible homeowners on the verge of defaulting, but prevents neighborhoods and communities from being pulled over the edge too, as defaults and foreclosures contribute to falling home values, failing local businesses, and lost jobs.

House Prices and Bank Loan Performance

FRB San Francisco – Economic Letter – February 6, 2009 – 4 pages

<http://www.frbsf.org/publications/economics/letter/2009/el2009-06.html>

“A number of studies have shown a strong link between house price depreciation and defaults on residential mortgages. This Economic Letter reports on new research which looks at the performance of commercial banks and finds further evidence on this link. The study also finds that the performance of land development and construction loans is even more sensitive to house prices than the performance of residential mortgages, consistent with very high delinquency rates on the former set of loans. At the same time, the study finds little evidence that spillovers from falling house prices have materially affected the performance of other types of loan categories at commercial banks.”

FISCAL AND TAX POLICIES

New Approaches to Addressing Long-Term Fiscal Responsibility

Brookings – Statement by members of the Brookings-Heritage Fiscal Seminar – February 19, 2009

http://www.brookings.edu/opinions/2009/0219_fiscal_responsibility_sawhill.aspx?emc=lm&m=222610&l=8&v=252043

“We therefore urge the President to lead a major public engagement effort – beyond a one-day summit – to inform Americans of the scale and nature of the long-term fiscal crisis, explain the consequences of inaction and discuss the options for solving the problem. This should be bipartisan, and involve a serious conversation with Americans to help guide action in Washington. As a group with some experience in this domain, we stand ready to assist if needed.”

A New Era of Responsibility - Renewing America's Promise

White House, Office of Management and Budget – February 26, 2009

http://www.whitehouse.gov/omb/assets/fy2010_new_era/A_New_Era_of_Responsibility2.pdf

The budget of the United States Government for the fiscal year 2010.

Democrats: Brief Analysis of President Obama's FY 2010 Budget

U.S. Senate, Senate Budget Committee, Democratic Staff - Brief Analysis – February 27, 2009 – 13 pages

http://budget.senate.gov/democratic/statements/2009/Obama%20FY%202010%20Budget%20Brief%20Analysis_022709.pdf

The Democratic Staff of the Senate Budget Committee comments on President Obama's FY 2010 Budget.

Republicans: The Obama Budget: A Summary and Analysis

U.S. Senate, Senate Budget Committee, Republican Staff – February 26, 2009 – 10 pages

<http://budget.senate.gov/republican/pressarchive/2009-02-26BudgetOutlineSummary.pdf>

The Republican Staff of the Senate Budget Committee comments on President Obama's FY 2010 Budget.

Allison Hughey

How Tax Relief Can Stimulate Economic Growth

National Center for Policy Analysis – Brief analysis - February 10, 2009 – 2 pages

<http://www.ncpa.org/pub/ba/ba641/>

“Congress is debating an economic stimulus package that would substantially increase federal spending, but may not speed recovery from the current recession. The Congressional Budget Office estimates that less than 40 percent of the proposed infrastructure spending in the stimulus bill will be spent within two years. Tax cuts, by contrast, can have an immediate effect.”

William G. Gale and Alan J. Auerbach

The Economic Crisis and the Fiscal Crisis: 2009 and Beyond

The Brookings Institution – Paper – February 19, 2009 - 29 pages

http://www.brookings.edu/~media/Files/rc/papers/2009/0219_fiscal_future_gale/0219_fiscal_future_gale.pdf

“This paper discusses the impact of recent tumultuous economic events and policy interventions on the Federal fiscal picture for the immediate future and for the longer run. In 2009, the federal deficit will be larger as a share of the economy than at any time since World War II. The current deficit is due in part to economic weakness and the stimulus, and in part to policy choices made in the past. What is more troubling is that, under what we view as optimistic assumptions, the deficit is projected to average at least \$1 trillion per year for the 10 years after 2009, even if the economy returns to full employment and the stimulus package is allowed to expire in two years. The longer-run picture is even bleaker...”

MONETARY POLICY

Ben S. Bernanke

The Semiannual Monetary Policy Report to the Congress

U.S. Senate Committee on Banking, Housing and Urban Affairs - Hearing - January 24, 2009 - 10 pages

http://banking.senate.gov/public/_files/BERNANKESTMT022409_MPR_SenateBankingCommittee.pdf

Ben S. Bernanke, Chairman of the Board of Governors of the Federal Reserve System analyzes the economic situation and monetary policy. After describing the recent economic and financial developments and the policy responses, he develops the economic outlook and the quarterly projections of the Federal Open Market Committee.

Monetary Policy and the State of the Economy

U.S. House Committee on Financial Services - Hearing - February 26, 2009

[Dr. James K. Galbraith](#), Lyndon B. Johnson School of Public Affairs, The University of Texas at Austin

[Dr. Alan S. Blinder](#), Center for Economic Policy Studies, Princeton University

[Dr. John B. Taylor](#), Senior Fellow, Hoover Institution, Stanford University

This hearing is following Ben S. Bernanke's Semiannual Monetary Policy Report to the Congress, presented before the Senate (February 24) and the House (February 25) Committees.

FINANCE

Julia S. Perelstein

Macroeconomic Imbalances in the United States and their Impact on the International Financial System

Levy Economics Institute of Bard College - Web posted - February 2009 – 21 pages

http://www.levy.org/pubs/wp_554.pdf

The paper presents that the financial crisis of 2007–08 was made global by the current account deficit in the United States and there is global dependence on the United States trade deficit as a means of maintaining liquidity in financial markets. The outflow of dollars from the United States was invested in U.S. capital markets, causing inflation in asset markets and leading to a bubble and bust in the subprime mortgage sector. Since the U.S. dollar is the international reserve currency, international debt is mostly denominated in dollars. Because there is a high degree of global financial integration, any reduction in the U.S. balance of trade will have negative effects on many countries throughout the world, according to the paper.

Mark Jickling

Causes of the Financial Crisis

Congressional Research Service, Library of Congress - Web posted February 11, 2009 – 10 pages

http://www.taxpayer.net/user_uploads/file/Reports/CRS/1-29-09%20CRS%20Causes%20of%20the%20Financial%20Crisis.pdf

The current financial crisis began in August 2007, when financial stability replaced inflation as the Federal Reserve's chief concern. The roots of the crisis go back much further, and there are various views on the fundamental causes. It is generally accepted that credit standards in U.S. mortgage lending were relaxed in the early 2000s, and that rising rates of delinquency and foreclosures delivered a sharp shock to a range of U.S. financial institutions. While some may insist that there is a single cause, and thus a simple remedy, the sheer number of causal factors that have been identified tends to suggest that the current financial situation is not yet fully understood in its full complexity.

Martin Neil Baily and Robert E. Litan

Fixing Finance: A Roadmap for Reform

The Brookings Institution – Paper – February 17, 2009 - 45 pages

http://www.brookings.edu/~media/Files/rc/papers/2009/0217_finance_baily_litan/0217_finance_baily_litan.pdf

“The Obama Administration has announced that fixing the nation’s financial system is one of its highest initial priorities... In this essay, we attempt to provide our own version of a roadmap for reform. We believe that the central challenge confronting policy makers now is to establish a new regulatory framework that will do a far better job preventing financial abuses and their consequences without chilling innovation and prudent risk-taking that are essential for growth in any economy. To accomplish that end will require a major restructuring and strengthening of the two pillars upon which an efficient and safe financial system must rest: market discipline and sound regulation.”

Financial Stability Plan

Joint statement by Secretary of the Treasury Timothy F. Geithner, chairman of the board of governors of the Federal Reserve System, Ben S. Bernanke, chairman of the Federal Deposit Insurance Corporation, Sheila Bair, comptroller of the currency, John C. Dugan, and director of the Office of Thrift Supervision John M. Reich

Federal Deposit Insurance Corporation – Press release - February 12, 2009

http://www.fdic.gov/news/news/press/2009/pr_fsb.html

A comprehensive set of measures to restore confidence in the strength of U.S. financial institutions and to restart the critical flow of credit to households and businesses has been announced. The program will help lay the groundwork for restoring the flows of credit necessary to support recovery. The core program elements include new Capital Assistance Program and Public-Private Investment Fund. A new Treasury and Federal Reserve initiative to dramatically expand, up to \$1 trillion, the existing Term Asset-Backed Securities Lending Facility (TALF) in order to reduce credit spreads and restart the securitized credit markets that in recent years supported a substantial portion of lending to households, students, small businesses, and others.

N. Eric Weiss et al.

Troubled Asset Relief Program and Foreclosures

Congressional Research Service, Library of Congress - February 17, 2009 – 13 pages

http://assets.opencrs.com/rpts/R40224_20090217.pdf

Increasing foreclosure rates and problems in financial markets are some of the issues addressed in the Emergency Economic Stabilization Act of 2008 (P.L. 110-343), which created the Troubled Asset Relief Plan (TARP). The law authorized \$700 billion in spending. The report focuses on Title II of the bill, which would require the Treasury to spend a minimum of \$40 billion of the second \$350 billion on foreclosure mitigation. The bill, as passed by the House, would require the Secretary of the Treasury to develop a plan by March 15, 2009. Both H.R. 703 and H.R. 788 have the same safe-harbor provisions.

David C. John, James L. Gattuso

Obama's Bank Bailout Plan: Not Ready for Prime Time

The Heritage Foundation - Web memo - February 12, 2009

<http://www.heritage.org/Research/Economy/wm2291.cfm>

“The Administration’s financial bailout strategy announced by Timothy Geithner, despite some positive elements, is filled with incomplete and unsound policy proposals financed by trillions of taxpayer dollars”.

Living on the Hedge: A Forum on the Private Investment Fund Industry

The Brookings Institution – Event transcript – February 12, 2009 – 143 pages

http://www.brookings.edu/events/2009/0212_hedge.aspx?emc=1m&m=222135&l=44&v=252043

Wall Street hedge funds and their larger-than-life managers have captured Main Street’s imagination, as well as investor dollars. On February 12, the Brookings Institution hosted a forum to explore the role of hedge funds in the ongoing financial crisis, as well as their uncertain future in the evolving regulatory environment.

Tim Westrich

Putting Credit Card Debt on Notice - Using electronic reminders to give consumers the right information at the right time

Center for American Progress – Report - February 2009 – 14 pages

http://www.americanprogress.org/issues/2009/02/pdf/credit_cards.pdf

“Washington is awash in proposals for revamping banking regulation—and credit card fees are only one element that needs to be examined. But lawmakers should consider how technology can make everyday financial products such as credit cards easier to use and understand.”

Stuart E. Weiner

The Federal Reserve's Role in Retail Payments: Adapting to a New Environment

FRB Kansas City - Economic Review - Fourth Quarter 2008 – 30 pages

<http://www.kansascityfed.org/Publicat/ECONREV/PDF/4q08weiner.pdf>

“The U.S. retail payments system is in the midst of a transformation. The shift from paper to electronics, the emergence of new instruments and payments channels, the rise in nonbank participation, the change in risk profiles—all are elements of this new landscape. The Federal Reserve takes as one of its mandates fostering a payments system that is safe, efficient, and accessible. How does the Federal Reserve fulfill this mandate in this new environment?”

OTHER ECONOMIC POLICIES

Carolyn L. Carter

Consumer Protection in the States: A 50-state report on unfair and deceptive acts and practices statute

National Consumer Law Center Inc. - February 2009 – 32 pages

http://www.nclc.org/issues/udap/content/UDAP_Report_Feb09.pdf

Serious gaps and weaknesses have compromised consumer protection laws in most of the 50 states, and recent court rulings have opened the door to predators and abuses in billions of everyday transactions. The report analyzes and summarizes the unfair and deceptive acts and practices (UDAP) laws that protect consumers in each state and the District of Columbia, and spotlights limitations in the substance and scope of the laws and in their enforcement.

John E. Potter

State of the Business at the United States Postal Service

Senate - Committee on Homeland Security and Governmental Affairs – Statement - January 28, 2009.

http://www.usps.com/communications/newsroom/testimony/2009/pr09_pmg0128.htm?from=home_news&announce&page=PMGSenateTestimony

The Postmaster General explains the causes of the current financial crisis faced by the U.S. Postal Service. After describing the steps the U.S. Postal Service has taken, he outlines the help it is requesting from Congress, specifically, for flexibility in the number of days the mail is delivered and an eight-year adjustment to our funding schedule for retiree health benefits.

Neeraj Sood & ot.

The Effect of Regulation on Pharmaceutical Revenues: Experience in Nineteen Countries.

RAND Corporation - Web posted January 28, 2009 - 14 pages

http://www.rand.org/pubs/reprints/2009/RAND_RP1381.pdf

The report describes pharmaceutical regulations in nineteen developed countries from 1992 to 2004 and analyzes how different regulations affect pharmaceutical revenues. First, there has been a trend toward increased regulation. Second, most regulations reduce pharmaceutical revenues significantly. Third, since 1994, most countries adopting new regulations already had some regulation in place. The report finds that incremental regulation of this kind had a smaller impact on costs. However, introducing new regulations in a largely unregulated market, such as the United States, could greatly reduce pharmaceutical revenues.

LOCAL ECONOMIC DEVELOPMENT

Trade-Off Time: How Four States Continue to Deliver

Pew Center on the States - February 2009. – 32 pages

http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Government_Performance/GPP%20Budget%20Brief_final_2web_0209revised.pdf

As governors and policy leaders put together their budgets this year in the face of serious shortfalls, states that use performance data to make decisions about where to cut and what to keep are saving taxpayer dollars. More and more states, spurred by one of the most difficult fiscal environments in years, are making policy decisions based on research measuring the performance of government programs. The report features four states, Indiana, Maryland, Utah and Virginia, that are leaders in measuring the performance of government programs, and are making smarter budget decisions as a result.

Ellen Hanak

Paying for Infrastructure: California's Choices

Public Policy Institute of California – Report - January 2009 – 28 pages

http://www.pplic.org/content/pubs/atissue/AI_109EHAI.pdf

Financing infrastructure has traditionally been difficult for the state, and current economic woes are likely to make it even more challenging. PPIC research director Ellen Hanak analyzes the impediments to infrastructure financing and describes funding reforms such as loosening the supermajority rules for local infrastructure funding, financing investment through user fees, and expanding public-private partnerships. She outlines how these reforms could improve the state's ability to build for the future.

RESEARCH

Melissa F. Pollak

FY 2008 Data Show Downward Trend in Federal R&D Funding

National Science Foundation – InfoBrief - Web posted February 4, 2009 – 8 pages

<http://www.nsf.gov/statistics/infbrief/nsf09309/nsf09309.pdf>

The most recent data from the National Science Foundation (NSF) show a \$3.5 billion decline, from \$116.7 billion in FY 2007 to \$113.2 billion in FY 2008, in federal funds obligated for research and development and R&D plant, facilities and fixed equipment. Adjusted for inflation, the data reflect a 4.8% decrease in R&D and R&D plant obligations. The expected FY 2008 total is 7.3% lower, in constant dollars, than that recorded in FY 2005. In contrast, during the 4 preceding years, FY 2001–05, total obligations rose 22.2% in real terms

The Atlantic Century: Benchmarking EU & U.S. Innovation and Competitiveness

European-American Business Council and Information Technology and Innovation Foundation - February 2009 – 38 pages

<http://www.itif.org/files/2009-atlantic-century.pdf>

The study uses 16 indicators to assess the global innovation-based competitiveness of 36 countries and 4 regions. The report finds that while the United States still leads the European Union in innovation-based competitiveness, it ranks sixth overall. Moreover, it finds that all of the 39 other countries and regions studied have made faster progress toward the new knowledge-based innovation economy in recent years than the United States.

INDUSTRY – BUSINESS

The Small Business Economy: A Report to the President

U.S. Small Business Administration – Report - February 2009 – 373 pages

http://www.sba.gov/advo/research/sb_econ2008.pdf

A better market for United States exports was the highlight of the fading economy of 2007, according to the report. Small businesses, like other firms, faced growing challenges, as housing starts fell and energy prices increased. The report showcases new research by economists on the small business role in the economy, including exporting. New research focuses on small businesses in international trade, small business training and development, tax policy, and business creation, including startup activities and the launch of new ventures.

Global Semiconductor Sales Fell by 2.8 Percent in 2008

Semiconductor Industry Association - February 2, 2009

http://www.sia-online.org/cs/papers_publications/press_release_detail?pressrelease.id=1534

Global sales of semiconductors were severely impacted by the world-wide economic turmoil in 2008 resulting in the first year-on-year drop in sales since 2001, the report says. Total sales for 2008 were \$248.6 billion compared to \$255.6 billion in 2007, a decrease of 2.8 percent. Sales fell from \$22.3 billion in December 2007 to \$17.4 billion in December 2008, a decline of 22 percent. December sales declined by 16.6 percent from November 2008 when sales were \$20.9 billion.

2009 Industry Outlook: Automotive: Challenging Times, Emerging Opportunities

Deloitte LLP - Web posted on February 18, 2009 – 7 pages

http://www.deloitte.com/dtt/cda/doc/content/us_industryoutlook_2009OutlookAutomotive_January2009.pdf

As we enter 2009, the U.S. automotive industry is facing some of the most complex challenges in its history. Pressures from plunging sales, frozen credit markets, global competition, higher raw material costs, until recently, gasoline prices, and growing consumer demand for more fuel-efficient vehicles are driving a transformation of the industry across its entire value chain. Regardless of the outcome of government assistance, the impacts of the Detroit 3's liquidity crisis cannot be viewed independently, as there is a high level of interdependency among the U.S. supply base, the collapse or bankruptcy filing of any of the Detroit 3 would have a negative impact.

Claire Brunel and Gary Clyde Hufbauer

Money for the Auto Industry: Consistent with WTO Rules?

Peter G. Peterson Institute for International Economics - Policy brief - February 2009 – 12 pages

<http://www.petersoninstitute.org/publications/pb/pb09-4.pdf>

Claire Brunel and Gary Clyde Hufbauer consider auto-bailout proposals in the United States and abroad. It is clear that these plans comply to the WTO definition of actionable subsidies. Because of environmental preoccupations and similar aid plans decided by many other countries, it is unlikely that WTO cases will arise in the US or elsewhere. But if an important industry, like autos, can take itself out of WTO disciplines, the world trading system will be seriously weakened and this is an issue the G-20 leaders should tackle.

Nicolas Loris

Another Bailout for Detroit Automakers Would Throw Good Money after Bad

The Heritage Foundation - WebMemo - February 20, 2009

<http://www.heritage.org/Research/Economy/wm2306.cfm>

“While the problems of GM and Chrysler have certainly been exacerbated by the economic downturn and the credit crunch, they have been hampered by long-term problems such as high labor costs, legacy costs, and inefficient dealer networks. (...) Bankruptcy remains the better option—for taxpayers and for the automakers themselves.”

The Economic Contributions of U.S. Mining in 2007

National Mining Association – Report - February 2009 – 154 pages.

http://www.nma.org/pdf/pubs/mining_economic_report.pdf

“With more than 375,000 direct jobs that pay wages one-third higher than the U.S. industrial average and the ability to generate as many as four additional jobs elsewhere in the economy, U.S. mining provides more than vital resources for America—it can help rebuild America,” National Mining Association (NMA) President and CEO Hal Quinn said upon release of the report.

AGRICULTURE

Jason Henderson

Agricultural Credit Standards Tighten

FRB Kansas City - Main Street Economist – 2009/I – 5 pages

http://www.kansascityfed.org/RegionalAffairs/MainStreet/MSE_0109.pdf

Agricultural credit standards have tightened as agricultural lenders shift more financial risk to borrowers amid concern about creditworthiness and dimmer economic prospects for the agricultural economy. While the financial crisis and resulting recession have trimmed profits, the author reports that agricultural banks have performed much better than other commercial banks and appear to have funds available for agricultural lending.

Christopher McGath et al.

Forecasting Farm Income: Documenting USDA's Forecast Mode

U.S. Department of Agriculture - February 12, 2009 – 137 pages

<http://www.ers.usda.gov/Publications/TB1924/TB1924.pdf>

The Economic Research Service of the U.S. Department of Agriculture (USDA) develops and publishes estimates and forecasts of three primary measures of income and returns for the U.S. farm economy: net value added, net farm income, and net cash income. The report describes the components and equations in the model, showing how components can be recombined to produce the three main measures of income.

Healthier Oceans, Healthier Economies

Oceana - January 2009 – 8 pages

http://www.oceana.org/fileadmin/oceana/uploads/dirty_fishing/Reports/ICTSD_Oceana_Jan09_FINAL.pdf

The report shows how the World Trade Organization (WTO) is in a key position to help ensure the long-term viability of the world's fisheries. It establishes the need and urgency for the WTO to produce a successful agreement in its ongoing fisheries subsidies negotiations.

EMPLOYMENT – WAGES - LABOR

Pavlina R. Tcherneva

Obama's Job Creation Promise: A Modest Proposal to Guarantee That He Meets and Exceeds Expectations

Levy Economics Institute of Bard College – Policy Note - January 2009 – 7 pages

http://www.levy.org/pubs/pn_09_01.pdf

Job creation is once again at the forefront of policy action, and for advocates of pro-employment policies, President Obama's Keynesian bent is a most welcome change. However, there are concerns that Obama's plan simply does not go far enough, and that a large-scale public investment program may face shortages of skilled labor, put upward pressure on wages, and leave women and minorities behind. Both concerns can be addressed by a simple amendment to the Obama plan that will bring important additional benefits, suggest the report.

Daniel J. Wilson and Charles Notzon

Tax Credits for Job Creation and Retention: What Can We Learn from the States?

FRB San Francisco - Economic Letter – February 2009 – 4 pages

<http://www.frbsf.org/publications/economics/letter/2009/el2009-08.html>

This Letter describes how state tax credits for job creation and retention are structured in terms of size and function and discusses what lessons from state experiences might be relevant to the public debate over a possible federal credit.

Kristin Smith

Working Hard for the Money: Trends in Women's Employment 1970 to 2007

Carsey Institute - Reports on Rural America - Web posted January 30, 2009 – 36 pages

<http://www.carseyinstitute.unh.edu/publications/Report-Smith-WorkingHard.pdf>

Rural married women, mothers and not, are clocking in at work more often today than even their urban counterparts, and since 2000, more married than single women are in the workforce in rural areas, a first. In 2006, 70 percent of married women with children under age 6 in rural areas worked for pay compared with 64 percent in urban areas. The report cites the reasons for this difference.

Rakesh Kochhar

Immigrant Latino Unemployment Rises Sharply

Pew Hispanic Center – Report - February 12, 2009 – 21 pages

<http://pewhispanic.org/files/reports/102.pdf>

“The current recession is having an especially severe impact on employment prospects for immigrant Hispanics... The unemployment rate for foreign-born Hispanics increased from 5.1% to 8.0% from the fourth quarter of 2007 to the fourth quarter of 2008.¹ During this same time period, the unemployment rate for all persons in the labor market increased from 4.6% to 6.6%... The recession has also had a strong negative effect on blacks and native-born Hispanics in the labor market.”

Wayne Vroman

Unemployment Insurance: Current Situation and Potential Reforms

Urban Institute - February 3, 2009 – 13 pages

http://www.urban.org/UploadedPDF/411835_unemployment_insurance.pdf

The paper summarizes the current situation of state unemployment insurance (UI) programs in the United States. It describes benefit recipient, UI trust fund balances and administrative financing. Policies are recommended to increase solvency of the trust funds, raise recipient rates and to improve the adequacy of administrative funding.

Unemployed and Uninsured in America

Families USA - February 2009 – 6 pages

<http://www.familiesusa.org/assets/pdfs/unemployed-and-uninsured.pdf>

Across the United States, record numbers of families are facing the devastation of unemployment. In December 2008, 11.1 million Americans were unemployed and actively seeking work and experts predict that even more will lose their jobs in the coming months. For the families of those who become unemployed, the loss of income is often compounded by the loss of health insurance.

Kathryn Edwards and Kai Filion

Outsourcing Poverty: Federal Contracting Pushes Down Wages and Benefits

Economic Policy Institute - February 11, 2009 – 7 pages

http://epi.3cdn.net/10d36747ba0e683ef9_hwm6bxwnl.pdf

Federal agencies have been under pressure to reduce the size of their workforce and cut costs, creating the incentive to outsource government work through contracts with private businesses for goods and services. The brief examines the wage and benefit standards in government and contracted work. The outsourcing of government work through federal contracts is often done in the name of cost-saving. However, much of this saving does not come from greater efficiency in provision, but from the willingness and ability of private contractors to push down wages and benefits for employees.

Unionization Climbs For Two Straight Years, But Remains a Fraction of 1980s Rates

Center for American Progress – Article - January 28, 2009

<http://www.americanprogress.org/issues/2009/01/unions.html>

The number of American workers belonging to a labor union increased for the second year in row—and is now up to 12.4 percent. Prior to 2007, union membership rates had not increased in the last quarter century and the current union membership rates are still a fraction of what they were in the early 1980s. This second year of growth demonstrates an intense desire among Americans to become unionized, but significant legislative changes must occur in order for a substantial portion of the American workforce to get back onto union rolls.

Robert Harrison and Celeste Monforton

Protecting Workers on the Job: Seven Priorities for Federal Action in 2009

American Public Health Association - Web posted - February 1, 2009 – 6 pages

<http://www.apha.org/NR/rdonlyres/FCA6DC31-545A-4561-BB58-FD924EA7A37D/0/ProtectingWorkersontheJobJan2009.pdf>

Advocates for worker health and safety provides recommendations for reversing the erosion of protections for the nation's workers. Citing lagging federal enforcement of existing standards and inaction on passing tougher new standards, the American Public Health Association's (APHA) Occupational Health and Safety Section and the National Council on Occupational Safety and Health called for immediate action to minimize work-related injuries and illnesses that can cause serious health problems.

PENSIONS

Barbara A. Butrica et al.

The Disappearing Defined Benefit Pension and Its Potential Impact on the Retirement Incomes of Boomers

Urban Institute - Web posted February 16, 2009 – 58 pages

http://www.urban.org/UploadedPDF/411831_disappearingbenefit.pdf

The paper examines the impact of an accelerated freeze on the retirement income of boomers. Simulations suggest that such a scenario would produce more losers than winners and reduce average retirement incomes. Income changes will be substantial among high-income workers, who have the highest defined benefit coverage and pension incomes.

HEALTH ISSUES

Reducing Costs While Improving Care in the Us Health System: The Health Reform Pyramid

Deloitte Center for Health Solutions – Report - January 2009 – 17 pages

http://www.deloitte.com/dtt/cda/doc/content/us_chs_healthcare_pyramiddeck_140109%281%29.pdf

According to the report, health care reform efforts have fallen short as a result of two forces: the economics of the status quo make change an uphill battle for reformers and end users have not demanded major changes. Whatever the reasons, momentum to maintain the status quo is generally stronger than the will to change. As a result, incremental changes are the norm.

Meredith King Ledford, Hilary Haycock, Peter Harbage

Building on Success: The Role of Public Coverage Programs in Health Reform

Center for American Progress - February 2, 2009

http://www.americanprogress.org/issues/2009/02/public_plans_brief.html

Reviewing the success of public programs will be critical to the growing discussion about health care reform. This does not mean that public programs are perfect. In health reform, we now have a vital opportunity to capitalize on what works and improve what does not in public programs. The achievements of private insurance should also be considered and incorporated into any effort to transform the system. As Jeanne Lambrew, the new deputy director of the White House Office of Health Reform explains, "The question is not whether or not there should be a public plan role in health reform, but instead what balance of public and private plans best moves the system toward affordable quality coverage for all."

Lester Feder, Ellen-Marie Whelan

Entitlement Reform Means Fixing the Broader Health System - Medicare and Medicaid's Budget Challenges

Center of American Progress - Healthcare brief - February 20, 2009 – 5 pages

http://www.americanprogress.org/issues/2009/02/pdf/entitlement_reform.pdf

Reforming Medicare and Medicaid, already accounting for roughly 20 percent of the federal budget, is a mandatory step to address larger budget issues. Given the economic crisis, the solution that first comes across the mind is limiting the government's expenses. But this brief explains that a budget cut would do nothing to the main underlying cause of the problem, the rising healthcare costs. Conversely, structural reforms are needed to maintain the sustainability of the system.

Michael J. Chow and Bruce D. Phillips

Small Business Effects of a National Employer Healthcare Mandate

NFIB Research Foundation - Impact Study - January, 26 2009 – 32 pages

[NFIB Small Business Impact Study: Small Business Effects of a National Employer Healthcare Mandate](http://www.nfib.com/page/home)

<http://www.nfib.com/page/home>

Employer mandates have lately reemerged as a frequently mentioned tool to help finance increased insurance coverage. This paper analyzes the potential economic impact of a national employer healthcare mandate on small businesses. It shows that such a reform would imply many new costs for small firms (search, administrative and hiring costs), resulting in a material impact on business performances and ultimately a reduction of employment and output. “Almost all sectors except those in healthcare would shed jobs, and real GDP would contract by \$200 billion”.

INTERNATIONAL TRADE

Jeffrey E. Garten

Is Protectionism Unavoidable?

YaleGlobal - 6 February 2009

<http://yaleglobal.yale.edu/display.article?id=11917>

“Political compulsion could overcome economic prudence but coordination among countries may limit damage.”

Gary Clyde Hufbauer and Jeffrey J. Schott

Buy American: Bad for Jobs, Worse for Reputation

Peter G. Peterson Institute for International Economics - Policy brief - February 2009 – 11 pages

<http://www.petersoninstitute.org/publications/pb/pb09-2.pdf>

Out of the American Recovery and Reinvestment Act passed by the US House of Representatives on January 28, 2009, a small half-page section requires that all public projects funded by the stimulus plan must use only iron and steel produced in the United States. The US Senate is currently debating its own version of the bill, expanding the requirement to all manufacturing products. This policy brief analyses the potential consequences of this provision in terms of employment, compliance to trade obligations, and foreign policy. “The Buy American provisions would violate US trade obligations and damage US reputation, with very little impact on US jobs.”

Sallie James

A Service to the Economy: Removing Barriers to "Invisible Trade"

CATO Institute – Trade Policy Analysis - February 4, 2009 – 20 pages

<http://www.freetrade.org/files/pubs/pas/tpa-038.pdf>

“Services are often overlooked in trade negotiations in favor of higher-profile trade in agriculture and manufactured goods. Yet countries with more open services markets benefit from higher growth rates and living standards. Because services are an input to most other sectors of the economy, the benefits from open and competitive markets are pervasive.”

Wayne M. Morrison

Health and Safety Concerns over U.S. Imports of Chinese Products: An Overview

Library of Congress - Congressional Research Service - Web posted January 29, 2009 – 10 pages

http://assets.opencrs.com/rpts/RS22713_20090113.pdf

China is a major source of United States imports of consumer products, such as toys, and an increasingly important supplier of various food products. Reports of unsafe seafood, pet food, toys, tires, and other

products imported from China over the past year or so have raised concern in the U.S. over the health, safety, and quality of imported Chinese products. The report provides an overview of this issue and implications for U.S.-China trade relations and will be updated as events warrant.

Aaditya Mattoo and Arvind Subramanian

From Doha to the Next Bretton Woods: A New Multilateral Trade Agenda

The Peterson Institute – Foreign Affairs – Article – January/February 2009 – 12 pages

<http://www.petersoninstitute.org/publications/papers/FA-subramanian0109.pdf>

“A fundamental shift is taking place in the world economy to which the multilateral trading system has failed to adapt. The Doha process focused on issues of limited significance while the burning issues of the day were not even on the negotiating agenda... Going forward, a new round of Bretton Woods talks is needed to develop a more ambitious agenda than Doha has and to involve a broader set of institutions than just the World Trade Organization. This paper advances five propositions.”

DEVELOPMENT

Curt Tarnoff and Marian L. Lawson

Foreign Aid: An Introduction to U.S. Programs and Policy

Congressional Research Service, Library of Congress - February 10, 2009 – 39 pages

http://assets.opencrs.com/rpts/R40213_20090210.pdf

Foreign assistance is a fundamental component of the international affairs budget and is viewed by many as an essential instrument of U.S. foreign policy. The focus of U.S. foreign aid policy has been transformed since the terrorist attacks of September 11, 2001. The report provides an overview of the U.S. foreign aid program. Due largely to the implementation of two new foreign aid initiatives, the Millennium Challenge Corporation and the HIV/AIDS Initiative, bilateral development assistance has become the largest category of U.S. aid. In FY2008, the United States provided some form of foreign assistance to about 154 countries.

MISCELLANEOUS

It's Different World Out There, and Fraudsters Know It

Kroll - Global Fraud Report - Web posted February 1, 2009 – 15 pages

http://198.170.76.7/MARKETING/Jan09Prem_FraudReport.pdf

The report covers vast areas where frauds are active, from frauds contributing to today's financial crisis to legal pitfalls of transnational internal investigations.

Asset Declines and Investment Strategy Changes by Family, Independent, and Public Foundations

Council on Foundations –Survey - February 2, 2009 – 7 pages

<http://www.cof.org/files/Documents/Conferences/09FamPhilConf/EconSurvey4.pdf>

Survey results by the Council on Foundations show that family, independent, and public foundations experienced a 28 percent decline in their asset values over the course of 2008. Many foundations have not made major changes to their investment strategies, but a substantial proportion are making changes in their investment managers, their diversification, and aggressiveness of their investment strategies.